

## ConnectND HR Payroll Bulletin 2-2007



**Please read the contents of this payroll bulletin carefully.** Issued Date: November 16, 2007

### **OMB POLICY 114**

#### ***Policy 114 – Procedure for Overpayment on Current Employee's Pay***

OMB requires that any overpayment, made to an employee currently on the state's payroll system, be deducted from the employee's subsequent payroll check(s). An agency is required by NDCC 34-14-04 and 34-14-04.1 to get a signed statement from the employee that they agree the overpayment happened and that it will be corrected by deducting the overpayment from their future check(s). This signed statement should be kept in the agency's employee payroll file. By deducting the overpayment from future check(s), the payroll system can correctly calculate current year federal and/or state taxes for the employee. The total amount that should be deducted from future check(s) should be either 1) the gross amount of the overpayment or 2) the number of hours that the employee was overpaid.

OMB recommends that any overpayment should be paid back, in full, in the month after the overpayment is discovered. An overpayment that is reported to OMB within 5 days of the check/advice issued date can be reversed and a correct check calculated and reissued.

If an overpayment occurs at the end of the calendar year, the employee may have to pay back the amount in a personal check. OMB will then manually adjust the wages and taxes and print a corrected W-2. However, this practice should be avoided whenever possible.

### **W-2's ADDRESS CHANGES**

We will be printing W-2's in January 2008. Please remind all employees to verify their address on their paycheck or on the e-Apps advice. Any address changes should be inputted in PSFT payroll by December 31, 2007, to ensure that the W-2's are printed with the employee's current address.

### **DIRECT DEPOSIT**

We would like to continue encouraging that all employees have direct deposit.

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### **REMINDER - TAX FORMS**

If you have employees that are claiming the Earned Income Credit Allowance and want to continue it for 2008, the employee must fill out a new W-5 by December 31, 2007. The following query can be run to determine if you have any employees claiming the EIC: **NDS\_PR301\_EIC\_NEW\_YR\_QRY**.

It is now the agencies' responsibility to keep a copy of the NDW-R and SFN 50862 forms in the employee's file. These forms need to be completed and a copy sent to the Tax Department each year by February 28<sup>th</sup> or within 30 days after the employee begins working or changes their residence. The purpose of these forms is to determine what state withholding the employee wants to have from their paycheck; only employees that are claiming MN withholding or Minnesota residence need to fill out a new form each year. The following query can be run each year to determine who has MN taxes withheld:

**ND\_STATE\_MN.**

The IRS no longer needs our office to send in W-4's claiming exemption or claiming more than 10 allowances. It is up to the agency to have these forms on file. If employees are filing as exempt they will need to fill out a new form each year. The following query can be run to determine which employees are claiming exempt status for North Dakota: **ND\_STATE\_EXEMPT** and for Federal Exempt: **NDS\_302A**.

Any changes made to the employee's tax forms should be updated on PSFT by the agencies.

### **TERMINATION VS. TRANSFER**

If an employee is leaving one state agency and going to another state agency with **no** break in service, this is a transfer. If an employee is leaving one state agency and plans to take a day or more off without pay at either agency, this is a break in service and would be treated as a termination and re-hire for payroll purposes. This would cause the employee to start over their 10 years of continuous state service for sick leave payout. Any annual leave balance would also need to be paid out. If an employee is planning to go from one state agency to another, it is highly recommended that there is **no** break in service.

### **2008 PAYROLL CUTOFF DATES**

<http://www.nd.gov/fiscal/docs/payrollcutoffs2008.pdf>

### **2008 PAYCHECK DATES**

<http://www.nd.gov/fiscal/ConnectND/paycheckdates2008.pdf>